

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2199-01
Bill No.: HB 1026
Subject: Boards, Commissions, Committees, Councils; Licenses - Professional; Insurance Dept.
Type: Original
Date: April 7, 2009

Bill Summary: Establishes the Missouri Electrical Industry Licensing Board to regulate and license electrical contractors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Electrical Industry Licensing Board	\$0	\$316,743	(\$122,953)
PR Fees	(\$136,314)	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$136,314)	\$316,743	(\$122,953)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Electrical Industry Licensing Board	1.5	1.5	1.5
Total Estimated Net Effect on FTE	1.5	1.5	1.5

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	(Unknown exceeding \$45,000)	(Unknown exceeding \$45,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Revenue, Missouri Senate, Office of the Governor, Office of State Treasurer, and Office of State Public Defender** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS or County Prosecutors.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar proposals also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources. However, if this proposal is combined with other similar proposals or results in multiple cases, the AGO would seek additional appropriations to handle the increase in workload.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of that the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from **St. Louis County (County)** state the County would lose about \$40,000 per year in license renewal fees because the state license would eventually replace the St. Louis County license. In addition, unknown significant costs could be incurred as a result of needing to reprogram the County's master permit system to recognize a state license.

Officials from the from the **City of Columbia (Columbia)** state electrical licenses are filed every three years. If this proposal passes, it will override Columbia's local electrical licensing process. It is expected Columbia will experience an annual loss in license revenue of \$5,000.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP) - Division of Professional Registration (DPR)** assume, based on a projection from a member of the association, that 1,000 individuals in the state of Missouri will be required to be licensed. The DPR estimates initial licensing fees of \$450 and biennial renewal

ASSUMPTION (continued)

fees of \$400. It is estimated that the collection of initial license fees will begin in FY 11 and renewal fees will not be collected until FY 12. However, should the number of licensees vary significantly from the number estimated, the licensure fees will be adjusted accordingly. It is further assumed that there will be a 3% growth rate.

The DPR assumes no revenue will be generated by the board until FY 11. Therefore, expenses incurred by the board in FY 10 will be paid by the PR Fees Fund from a lending board within the division pursuant to section 324.016, RSMo. It is estimated payback of any outstanding loans would be made in FY 13. The DPR notes that once the fees for the board are established by rule, other fees could offset the estimated costs.

Based on boards of similar size, it is assumed that 1.5 FTE will be needed: One part-time (0.5 FTE) Principal Assistant/Executive Director (\$49,1046 annually) will be needed to work with the board and serve as the senior executive officer of the licensing agency; one part-time (0.5 FTE) Licensure Technician II (\$25,380 annually) will be needed to process applications for licensure as well as respond to inquiries related to licensure laws and/or rules and regulations, and one part-time (0.5 FTE) Investigator II (\$35,592 annually) will be needed to conduct investigations and inspections, service notices and gather information required by the board.

The DPR estimates the board will receive approximately 43 complaints annually, but does not anticipate receiving any complaints until FY 11. It is estimated that 30% of the complaints filed will require field investigations (13) and that 50% of those (7) will require an investigator to incur overnight expenses. The DPR estimates \$1,909 in annual investigative expenses.

The DPR assumes that board meetings will cost approximately \$2,848 per meeting (8 board members) and that the board will meet 4 times per year. It is assumed initial printing and postage costs will be approximately \$12,500 and that on-going printing and postage costs will be \$4,096 annually thereafter. Services of the Attorney General's Office and Administrative Hearing Commission (AHC) will be needed. These costs will be approximately \$7,016 per year (AHC costs will not be incurred until FY 11). These costs are based on boards of a similar size.

Officials from **City of Poplar Bluff** and **Texas County** did not respond to our request for a statement of fiscal impact.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND			
<u>Transfer-In - DIFP</u>			
Transfer from PR Fees Fund	\$136,314	\$0	\$0
<u>Income - DIFP</u>			
License fees/renewal fees	\$0	\$450,000	\$13,500
<u>Costs - DIFP</u>			
Personal service costs (1.5 FTE)	(\$59,812)	(\$70,624)	(\$72,070)
Fringe benefits	(\$21,278)	(\$26,171)	(\$26,826)
Equipment and expense	(\$55,224)	(\$36,462)	(\$37,557)
Total Costs - DIFP	<u>(\$136,314)</u>	<u>(\$133,257)</u>	<u>(\$136,453)</u>
FTE Change - DIFP	1.5 FTE	1.5 FTE	1.5 FTE
ESTIMATED NET EFFECT ON MISSOURI ELECTRICAL INDUSTRY LICENSING BOARD FUND	<u>\$0</u>	<u>\$316,743</u>	<u>(\$122,953)</u>
Estimated Net FTE Change for Missouri Electrical Industry Licensing Board Fund	1.5 FTE	1.5 FTE	1.5 FTE
PR FEES FUND			
<u>Transfer-Out - DIFP</u>			
Transfer to Missouri Electrical Industry Licensing Board Fund	<u>(\$136,314)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>(\$136,314)</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2010
 (10 Mo.)

FY 2011

FY 2012

**LOCAL GOVERNMENTS - CITIES
 AND COUNTIES**

Loss - Cities and Counties

Reduction in electrical license fees
 revenue

\$0

(Unknown
exceeding
\$45,000)

(Unknown
exceeding
\$45,000)

**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS - CITIES
 AND COUNTIES**

\$0

(Unknown
exceeding
\$45,000)

(Unknown
exceeding
\$45,000)

FISCAL IMPACT - Small Business

This proposal will impact small business electrical contractors that obtain a license or pay the license fee of employees.

FISCAL DESCRIPTION

This proposal establishes the Missouri Electrical Industry Licensing Board in the Division of Professional Registration within the Department of Insurance, Financial Institutions and Professional Registration to regulate and license electrical contractors. In its main provisions, the proposal: (1) Requires the board to meet at least four times annually and allows board members to be reimbursed for expenses and receive compensation of up to \$70 per day; (2) Allows contractors practicing prior to January 1, 2005, to be issued a statewide license if they hold an electrical license that is in good standing which was issued by any authority that requires a written test and have completed 12,000 hours of verifiable practical experience; (3) Allows the division to establish licensing fees to cover administrative costs and to develop reciprocal licensing agreements with other states; (4) Creates the Missouri Electrical Industry Licensing Board Fund which will be used solely for the administration and operation of the board; and (5) Allows the board to file complaints against contractors with the Administrative Hearing Commission and suspend or revoke licenses based on the commission's findings.

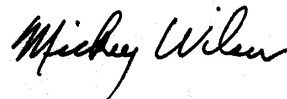
Any person or corporation who knowingly violates the provisions of the proposal will be guilty of a class B misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Office of the Governor
Office of Prosecution Services
Missouri Senate
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
City of Columbia
St. Louis County

NOT RESPONDING: City of Poplar Bluff and Texas County



Mickey Wilson, CPA
Director
April 7, 2009